

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## South Africa - Republic of

**Post:** Pretoria

### Unmet demand for health-oriented products

**Report Categories:**

Promotion Opportunities

Retail Foods

Snack Foods

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**Report Highlights:**

The purpose of this report is to inform U.S. companies about the export opportunities offered by various health-oriented markets in South Africa.

## Background Information

In 2011, MyPlate replaced MyPyramid as the official United States Department of Agriculture (USDA) recommendation for dietary structure, emphasizing the food groups of fruit, vegetables, grains, proteins from plant or animal products, and dairy milk or alternatives such as soy milk and almond milk.<sup>[1]</sup> In 2012, the South African Department of Health adopted revised dietary guidelines of a similar nature.<sup>[2]</sup> The South African guidelines fall within the context of a 33.5 percent adult obesity rate, comparable to the 31.8 percent rate in the United States.<sup>[3]</sup> Moreover, four of the top ten leading causes of death in South Africa are closely related to diet, namely ischemic heart disease (the #2 most common cause after HIV/AIDS), stroke (#3), hypertensive heart disease (#7), and diabetes (#10).<sup>[4]</sup>

Given the natural market demand to resolve these issues, there exists an untapped potential for health-conscious agricultural exports from the United States to South Africa. The term “health foods” refers to any foods marketed towards health-conscious consumers, and the concept is continually updated as new health claims emerge. This report makes use of the term’s current association with common labels including unprocessed, organic, vegetarian, and nutrient-dense.

## Demand for Health Foods

Working in what is generally a meat-oriented country, a representative from the Monument Park Superspar grocery store notes a marked increase in the tendency to avoid meat, whereas products like almond milk and coconut milk are growing in demand. This is in part due to increasing household incomes, as recent data show the average annual household income experienced a real growth rate of about 17 percent from 2005 to 2011.<sup>[5]</sup> One article estimates that a relatively healthy diet is now affordable to the top 20 percent of the South African population<sup>[6]</sup>, which earned a minimum annual per capita income of \$9,794 in purchasing power parity according to 2010/2011 data.<sup>[7]</sup> On the other hand, the lower-income majority of the population faces relatively affordable crop prices compared to meat products and consequently consumes less meat to save money in certain situations.<sup>[8]</sup> Additionally, certain items such as fresh produce are exempt from South Africa’s national value-added tax. In South Africa, the supermarket revolution began in the early 1990s, years ahead of countries such as China and India;<sup>[9]</sup> 52 percent of South Africa’s population lived in an urban area in 1990, and that figure has grown to 64 percent in 2014 with a projection of 77 percent for 2050.<sup>[10]</sup>

Local businesses are increasingly recognizing and exploiting the growing demand for health foods. Johannesburg plays host to health food store Fresh Earth; catering company FitChef; and vegan restaurants Conscious 108, Greenside Café, and Free Food. Pretoria is home to vegan catering company The Village DeVine, Cape Town has a vegan restaurant called Plant, and Muldersdrift has the vegan Leafy Greens Café; [VeganSA.com](http://VeganSA.com) even provides a directory for restaurants and stores in the country.

Similarly, more mainstream restaurants are beginning to offer a wider range of plant-based menu options, such as veggie burgers at Spur, Steers, and local McDonald’s chains as well as dairy-free pizza at restaurant chain Doppio Zero. The entrepreneurial spirit is alive and well; for example, Leafy Greens recently sent a representative to attend the 2015 BioFach organic trade show in Germany and management there is constantly investigating ways to improve quality. Fry’s Family Foods, headquartered in Pinetown, has accomplished [widespread distribution](#) in large part thanks to its tailored approach that includes a South African braai-style sausage alternative.

## International Competition

The United Kingdom and Canada are major competitors in the production of alternatives to meat and dairy. But while the world is still beginning to realize the potential profits to be made in the Southern Africa region, now is an ideal time for American companies to enter the market and establish a more significant market share in the health foods domain.

According to a representative from Conscious 108, the hardest items to find include almond milk, non-dairy cheese, mock meat, and prepackaged meals. A spokesperson from Leafy Greens adds that the country lacks an availability of chia seeds, raw chocolate, organic nuts, miso, and B12-rich algae.

Brands like Heidi Ho non-dairy cheese, So Delicious ice cream, Silk soy milk, and Boca Burger veggie patties could potentially enjoy the benefits of this emerging market. As evidence, American dairy alternative company Tofutti currently sells in select locations of supermarkets Shoprite and Spar, [among other retailers](#), after entering South Africa two years ago; a representative from Tofutti South Africa expressed being extremely optimistic about long term profits given their success in sales of non-dairy cream cheese and recent interests in non-dairy ice cream. Blue Diamond Almond milk from the United States is available but very difficult to find, and consequently fetches an exorbitant price.



**Figure 1: A veggie burger from Leafy Greens Café in Muldersdrift, South Africa**

## Additional Information

For more information on exporting food products to South Africa for retail distribution, see the

following GAIN reports:

- [Exporter Guide - Exporting to South Africa \(2014\)](#)
- [Retail Foods – Retail Sector in South Africa Receives Increasing Attention \(2013\)](#)

## References

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- [1] <http://www.choosemyplate.gov/about.html>
  - [2] <http://www.fao.org/nutrition/education/food-based-dietary-guidelines/regions/countries/south-africa/en/>
  - [3] <http://www.fao.org/publications/sofa/2013/en/>
  - [4] <http://www.mrc.ac.za/bod/faqdeath.htm>
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